

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES

Call to Order: By **CHAIRMAN EDITH CLARK**, on February 19, 2003 at 8:09 A.M., in Room 472 Capitol.

ROLL CALL

Members Present:

Rep. Edith Clark, Chairman (R)
Sen. John Cobb, Vice Chairman (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Sen. Emily Stonington (D)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Robert V. Andersen, OBPP
Pat Gervais, Legislative Branch
Lois Steinbeck, Legislative Branch
Sydney Taber, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to material below it.

Committee Business Summary:

Hearing & Date Posted: TANF.
Executive Action: HPSP
DSD
HCSD.

{Tape: 1; Side: A; Approx. Time Counter: 0.3 - 6.3}

Pat Gervais, Legislative Fiscal Division (LFD), reviewed the Temporary Assistance for Needy Families (TANF) language that is recommended by the LFD for HB 2 and the language that is recommended for the fiscal report. She then reviewed the language on the back of Exhibit 1, which was proposed by WORD. When asked to comment on his thoughts on the WORD language, **Hank Hudson, Human and Community Services Division (HCSO)**, said that he does not support the language because it appears to limit his flexibility. In response to a question from **SEN. COBB** as to the type of flexibility he would like, **Mr. Hudson** said that Montana welfare reform is built on the ability to design a program around an individual. He wants no language that would limit the ability to do this.

EXHIBIT(jhh37a01)

PUBLIC TESTIMONY ON TANF

{Tape: 1; Side: A; Approx. Time Counter: 6.3 - 12.6}

SEN. STONINGTON asked Judy Smith of WORD, to respond to this. **Ms. Smith** said that she had worked on the waiver package, and she felt that the language was consistent with the waiver principles espoused within welfare reform. They are the principles on which they have based a successful system, and she suggested that they continue with those principles until the federal government tells them that they cannot. **Mr. Hudson** admitted that perhaps the intent language would not have limited his flexibility in the past year. He noted that the 30-hour work requirement in the language refers to one-parent families, but two-parent families have a 35-hour requirement. **SEN. COBB** asked if the language could not just say "the intent is to maintain Montana's flexible welfare system," and **Mr. Hudson** said that this would be more to his liking. Referring to the last sentence of the statement, **Mr. Hudson** said that the Department may itself choose to make changes of activity independent of federal regulation, and this language would restrict their ability to do this. He gave an example of such a change for **CHAIRMAN CLARK**.

Ms. Smith commented that the Subcommittee may want to decide whether it wants the Department to have such targeting flexibility. She assumed that the Department agreed that it should stay with the original waiver, but hearing **Mr. Hudson** say that he was influenced by the possibility of the Bush program passing is troubling. She and others spent a great deal of time designing the waiver package, and she would like to know what the Subcommittee intends. Ultimately, affirmation of the flexibility of the waiver programs maintains program flexibility. Touching

on the economic depression on reservations, she questioned what would happen there if they went to a more rigid program.

{Tape: 1; Side: A; Approx. Time Counter: 15.1 - 22}

Jonathan Windy Boy, HD 92 and tribal council member of the Chippewa-Cree Tribe, expressed his concerns that there are no jobs on reservations and that the tribes have 48 to 50 percent of the TANF caseload. He voiced his disapproval that the Governor considers a 4 percent state unemployment rate good news while there is 70 percent unemployment on the reservations. He offered his support for remarks made by Judy Smith and said that allowing the Department to operate with too much administrative rule restricts tribal authority.

EXHIBIT (jhh37a02)

{Tape: 1; Side: A; Approx. Time Counter: 22 - 26.3}

Tony Plummer Alvernaz addressed the waiver package, saying that the tribes had input in the waiver package when welfare reform was started. Due to the high caseload, high poverty, and high unemployment on reservations, it is essential to maintain broad flexibility in work participation rates. They do not support putting people in unproductive activities, but rather want people to be trained in meaningful work that will enable them to grow as individuals and become self-sufficient. If work flexibility is restricted and the tribes lose the waiver package, there will be an entire group of people that are limited, and this Subcommittee needs to recognize this. The tribes will fight diligently in the state and at the national level to keep the waiver package.

{Tape: 1; Side: A; Approx. Time Counter: 26.3 - 30.2}

Tom Facey, HD 67, encouraged the Subcommittee to maintain as much flexibility for families and the Department in the waiver as possible.

{Tape: 1; Side: A; Approx. Time Counter: 30.2 - 33.7}

Bob Andersen, Office of Budget and Program Planning (OBPP), offered that the waiver program was part of the welfare program before TANF and was grandfathered into the TANF program. He said that the language is fine as long as it does not restrict Department flexibility.

{Tape: 1; Side: A; Approx. Time Counter: 33.7 - 36.3}

SEN. STONINGTON said that it looked like all parties are trying to be forward-looking while maintaining stability for a system that has worked well. She suggested that this statement from WORD (Exhibit 1) is crafted to provide them a comfort level, given proposed changes. **REP. HAINES** said it looks to him as though they are trying to make a statement that they wish to be

participants in any change. **Ms. Smith** replied that she does not want to be adversarial, but does want the Department to honor the work that they did together and the principles of Montana's welfare reform program. If change must come, then she would want to be part of that conversation. Referring to the 40-hour work program and the Request For Proposal (RFP), **Ms. Smith** said that she wants to know if they are still committed to the same thing on which they all worked; it was important to see that in the intent language in which they ask the Department how they will manage the program. **REP. HAINES** said that he wanted to know that those who helped craft the waiver would be allowed to participate in any changes to the program.

{Tape: 1; Side: A; Approx. Time Counter: 40.9 - 48.9}

SEN. COBB asked if the RFP said that individuals would have to work 40 hours or up to 40 hours because his impression was that they were trying to get prepared for the federal change. **Ms. Plummer Alvernaz** said that 40-hour work requirement is already a part of the RFP process, so providers must respond to that and set the contract and design of the program based on the 40 hours. The assumption was that they are already setting the stage for a 40-hour work requirement without allowing providers to have input as to how it will play out. There is no process in play to resolve the difference between the 40 and 30-hour work week should they be successful in not having the 40-hour work requirement federally mandated. They would then need to readjust the work contracts based on the more flexible and less stringent work requirement. **Mr. Hudson** said that it is correct that they are asking providers to indicate how they would operate a program under the 40-hour work requirement. They would not go to 40 hours if they did not have to because they do not have the childcare money to pay for that number of hours. If Congress does not do anything before July 1, they will start out with the current law.

SEN. COBB asked if they were given \$15 million for daycare would they still do a 40-hour work requirement since they would then have plenty of daycare funding. **Mr. Hudson** said that they would not make that change unless it was federal law. They sent a letter to the congressional delegation regarding this issue and are on record as not supporting this work requirement change. They do not support the move to 40 hours because it does not address the biggest issues in Montana, such as people leaving public assistance and remaining in poverty or people remaining on the caseload because they have huge barriers to employment. He added that the average workweek in Montana is 32.8 hours so 40 hours would be more than the average Montanan works.

{Tape: 1; Side: B; Approx. Time Counter: 0.3 - 2.1}

Ms. Plummer Alvernaz said that there needs to be a process to undo the work requirements should there be a favorable outcome for Montana. She expressed her concern, based on experience, that often the process is set and administrative rule kicks in, essentially leaving out organizations such as the tribes or WORD. If the Department is saying that it is getting ready because of the federal legislation, there needs to be process language to undo this contingent on failure of the federal proposal. As it stands, there is an assumption of a 40-hour work requirement in the RFP; it is written into language and the plan; and there is no way to undo it.

{Tape: 1; Side: B; Approx. Time Counter: 2.1 - 8}

SEN. STONINGTON asked **Mr. Hudson** to explain the Department's use of emergency rule. **Mr. Hudson** said that emergency rule is used for those things that are unpredictable and so crucial that they cannot wait. Should an individual object to the emergency rule process, there is a vehicle to force hearings to create the process that goes along with regular rules. He does not anticipate using emergency rule for any of the changes that may occur with regard to federal law changes. Addressing the issue of the 40-hour work requirement RFP, **Mr. Hudson** explained that the procurement process for a two-year contract begins at the start of the year and ends July 1. The decision to request plans for implementation of a 40-hour work requirement was not made in a vacuum. They held discussions with service providers who would be affected. **Mr. Hudson** said that his concern with the language proposed by **Ms. Smith** is not so strong that he wants to make an issue of it, but he did point out that it needs to say 35 hours for a two-parent family. He expressed some concern with the language "limitations on participant options" because it could reduce flexibility in individual plans for employment. In light of the conversation about the RFP, the first part may be good language if people are concerned that they will be going to 40 hours. **REP. HAINES** suggested that the wording should say "it is the legislature's intent that Montana's Welfare Program be maintained, built on 30 and 35 hours of participation."

{Tape: 1; Side: B; Approx. Time Counter: 8 - 15.5}

SEN. COBB said that the way he reads this, if they pass the trigger as it stands now, on July 1 they would cut benefits. **Mr. Hudson** said that they did a trial run with the formula, and at the rate caseload is growing, on July 1 they would have to cut benefits. **SEN. COBB** said that if they give them more daycare money, there is an assumption that the caseloads will go down. He suggested that they should make the cuts now rather than waiting to see what is down the road. **Mr. Hudson** said that they will have more data on caseloads later in the spring so they could make changes after the legislature leaves. **Director Gray**

commented that if they put an effective date, they would not be able to establish the trigger for three months after that.

{Tape: 1; Side: B; Approx. Time Counter: 14.1 - 24}

Ms. Gervais referred to Exhibit 1 and explained that the language, on the bottom of the front sheet and on the back, is language that is proposed to be included in the LFD fiscal report. There was further discussion of this language. **Ms. Gervais** distributed an informational sheet indicating actions taken on the Employment Security Act (ESA) account by the Corrections and Public Safety subcommittee.

EXHIBIT (jhh37a03)

Issue of I-146

{Tape: 1; Side: B; Approx. Time Counter: 24 - 49.5}

Aiden Myrhe, representing the Montana Comprehensive Health Association (MCHA), said that the organization had worked diligently for passage of I-146 and that they are in line for some of the funding. She said that MCHA is an example of a public/private partnership which is administratively attached to the State Auditor's Office and run by a board. They provide insurance for 3,000 Montanans. She reviewed the programs offered and their funding. MCHA has applied for a federal grant for a low-income subsidy program, but would also like some of the tobacco settlement dollars for this program. The premiums for the traditional insurance program are capped at 150 percent of the average insurance premium paid by other Montanans and 125 percent for the portability plan. The premiums are expensive, the needs for high-risk individuals are great, and the claim expenses for them are exorbitant. MCHA would like to apply their share of the money from I-146 to this program to help those individuals who cannot afford the insurance pay for it.

Responding to Subcommittee questions, **Ms. Myrhe** said that they received a \$1.5 million federal grant, but there is a question as to how this will be allocated. They are wanting the \$1.5 million that is still sitting in the I-146 pot, and it is her understanding that the money would go through the State Auditor's Office and then to MCHA. General government has not provided them with this money, yet. She concluded that because the premiums are so costly there is a de facto cap on the portability of this insurance. Subcommittee members assured **Ms. Myrhe** that they do not intend to take that \$1.5 million from MCHA.

EXHIBIT (jhh37a04)

EXHIBIT (jhh37a05)

EXHIBIT (jhh37a06)

EXECUTIVE ACTION ON CHILDREN'S SERVICES

{Tape: 2; Side: A; Approx. Time Counter: 14.5 - 19.2}

Referring to Exhibit 7, **John Chappuis, Deputy Director of DPHHS**, said that this revised budget information is a better estimate. The revised budget breakdown as of February 18, 2003 shows the amount of money and the full-time equivalents (FTE) that would be needed for the Children's Mental Health Program. Since it will be a separate unit, they will need an additional two FTE. **Ms. Steinbeck** asked if it is an additional \$56,000 general fund each year above the current Executive Budget, not including the adult proposal, and **Mr. Chappuis** said that she was correct.

EXHIBIT (jhh37a07)

{Tape: 2; Side: A; Approx. Time Counter: 19.2 - 28}

REP. HAINES asked if any of the \$49,858,000 is coming over to this new program, and **Director Gray** responded that it all moves. **Ms. Steinbeck** then reviewed the Subcommittee options: 1) remain with their previous action, which would move \$21 million in general fund nonspecifically; 2) accept the executive recommendation, provided on Exhibit 7 under the budget breakdown for 2/18/03; or 3) take the revised budget, including the 2 new FTE. **Mr. Chappuis** said that the way this is envisioned at present, they would move the funds into Health Policy Services Division (HPSD), which they would then break out at a later time into the reorganization. He asked if there was a way to establish the new program now. **Ms. Steinbeck** said that it could be done now, and she offered to get together with the Department to put together a concept of the new division for the Subcommittee. She continued that the Subcommittee could take action on assigning the children's transfer from Addictive and Mental Disorders Division (AMDD) to HPSD and on whether to accept the additional staff and funding for the children's program.

{Tape: 2; Side: A; Approx. Time Counter: 28 - 32}

Motion/Vote: **SEN. COBB** moved **TO ACCEPT THE REVISED BUDGET BREAKDOWN AND DIRECT STAFF TO ESTABLISH THE BASE CHILDREN'S APPROPRIATION AND THE NEW DECISION PACKAGE IN THE NEW DIVISION TO BE CALLED PRIMARY CARE AND CHILDREN'S MEDICAID SERVICES DIVISION.** Motion carried 5-0 on a voice vote. No proxies were voted for **REP. JAYNE** AND **SEN. KEENAN.**

{Tape: 2; Side: A; Approx. Time Counter: 32 - 49.5}

Jani McCall, Executive Director for Montana Children's Coalition, brought up SB 346, a bill requesting the Department of Public Health and Human Services (DPHHS) to apply for a Substance Abuse and Mental Health Services Administration (SAMHSA) grant and to

look at a formal pilot for the children's project. In retrospect, they have determined that this does not require a bill since there is a commitment from the Department to apply for a SAMHSA grant should it become available, but they would like to include this in language in the HB 2 narrative. **Ms. Steinbeck** clarified that HB 2 language is binding, but the narrative is in not binding. Directing the Department to apply for a grant could be construed as substantive unless there were a restrictive appropriation attached to it. This still would not mandate that the Department apply for a grant since the decision to spend or not spend money is made based on requirements of substantive law. Unless substantive law says you will apply for a grant, the Department still has the decision-making power. **Ms. McCall** said that as long as there is a commitment, they feel good about this. **Director Gray** said that the most important thing is not where it is located, but ensuring that this is pursued. **Ms. McCall** said that Dan Anderson had set aside \$60,000 to be tied to the Multi-Agency Children's Committee and their effort. **Ms. McCall** said that she is the administrator for two associations with which they deal and requested that they remember that the Disabilities Services Division is a system that works.

{Tape: 2; Side: B; Approx. Time Counter: 2.5 - 8}

Referring to the top portion of Exhibit 8, **Ms. Gervais** explained that it deals with DP 296, the general fund reduction due to refinancing, in which they approved a \$1.8 million general fund reduction and an increase in \$1.8 million in federal funds. The federal funds were included in that DP on a one-to-one matching ratio, but the Department will actually draw down \$4.8 million of federal Medicaid funds, and will need about \$3 million per year in additional federal authority in order to achieve the refinancing. Should they take this action it will increase the federal funds by \$3,037,168 in FY04 and \$2,928,836 in FY05 to reflect the appropriate federal matching rate in DP 296.

EXHIBIT(jhh37a08)

{Tape: 2; Side: B; Approx. Time Counter: 2.5 - 3}

Motion/Vote: SEN. COBB moved TO ACCEPT REVISED DP 296, GENERAL FUND REDUCTION TO REFLECT ADDITIONAL FEDERAL FUNDING AUTHORITY OF \$3,037,168 IN FY04 AND \$2,928,836 IN FY05. Motion carried 4-0 on a voice vote. Proxies for REP. JAYNE and SEN. KEENAN were not voted.

Refinance of Children's Services

{Tape: 2; Side: B; Approx. Time Counter: 3 - 8}

Referring to the bottom portion of Exhibit 8, **Ms. Gervais** summarized the potential alternatives in refinancing children's services. There is currently \$3 million in general fund spent for children's services per year. About 60 percent of the children that are Medicaid eligible could be moved onto a waiver. If they moved 60 percent of those children to a waiver, they would need \$488,160 in general fund and \$1.3 million in federal funds, which would result in a general fund savings of \$1.3 million and an increase in federal funds. If they assumed that only 30 percent of the children were moved to Medicaid waivers, rather than the 50 percent, they would need \$244,080 in general funds and \$655,920 in federal funds for a savings of \$655,920 general fund and an increase in federal funds. If they were to move 60 percent of eligible children to a Medicaid waiver, there would be 40 percent left at the maximum potential that could move to CHIP. At an 80-20 match, they would need \$240,000 of general fund and \$960,000 of federal funds for a general fund savings of \$960,000 and an increase in federal funds. CHIP refinancing is more vague, so if the Subcommittee were to decide to take action on this, they may wish to put the federal funds for this in the Director's Office with the Refinancing Unit and to give the Department more federal authority in the Refinancing Unit in the event that they could achieve the CHIP refinancing.

Director Gray stated that they think that the refinance will take a year, so there will not be a savings in the first year. They think that the Medicaid waiver is a good idea, but they do need contingency language. **Joe Mathews, Administrator of Disability Services Division (DSD)**, added that they believe that 60 percent is doable, assuming that the waiver is approved. **Ms. Gervais** said that this will be an additional refinancing effort above the two that have already been approved in this Division. If they implement this in one year, there will be a \$1.3 million savings dependent on waiver approval. **Ms. Steinbeck** added that the Subcommittee may wish to segregate \$1.3 million in the second year. If the waiver did not work, they would be back in session and able to change the funding for services.

{Tape: 2; Side: B; Approx. Time Counter: 11.6 - 17}

Chris Volinkety, DD Children's Services for Regions IV and V, said that they are willing to do anything that they can, but they are concerned about the end of the session since they are part of the \$44 million cut in the Executive Budget. It would be helpful for them if the Subcommittee would take some action supporting children's services. **SEN. COBB** said that they will be trying to work this out in the next couple of days. **CHAIRMAN CLARK** said that they are committed to trying to get funding for the services. She asked **Ms. Volinkety** if they were committed to 60 percent in FY05, and she replied that it would work for her

agency, but she does not know about other agencies, and perhaps 45 percent would be more realistic.

{Tape: 2; Side: B; Approx. Time Counter: 17 - 19.5}

Mr. Mathews said that when they first looked at it, they thought that they could do 60 percent, but now he is afraid that if they do this and end up short, they may have undone something that they should not have. There is no reason to believe that they cannot get the waiver, although he is concerned about the time it may take to get it approved. In further discussion, **Mr. Mathews** asked the Subcommittee if it would be comfortable with 50 percent.

{Tape: 2; Side: B; Approx. Time Counter: 19.5 - 23.3}

Ms. Steinbeck said that in striking a balance it is a fair question for the Subcommittee to ask the Department whether it would cut Part C and the medically needy programs if there were a budget problem. As it stands, these are two programs that are next in line to be cut. Referring to action taking in the past years due to budget shortfalls, she said this the first time that the executive branch has reduced general fund this substantially in response to a supplemental situation, and she has heard nothing to suggest that the management approach from the Governor's Office would be any different in this case.

{Tape: 2; Side: B; Approx. Time Counter: 23.3 - 27.4}

Mr. Andersen said that they have had to make many difficult decisions the last few years. They have done everything that they can do reduce the impact on people, but cannot predict the future. Cutting Part C and the medically needy programs would be dependent on the severity of budgetary problems.

{Tape: 2; Side: B; Approx. Time Counter: 27.4 - 28.9}

Director Gray emphasized that children that go on the CHIP program receive the basic package, and wanted to ensure that everyone knows that if they are short on money they will have fewer children in the program than the proposed 1,200.

{Tape: 2; Side: B; Approx. Time Counter: 28.9 - 36}

Ms. Gervais said that another option would be for the Subcommittee to provide additional federal authority in the Director's Office Refinancing Unit, any general fund savings created by the refinancing would then be subject to the legislation and the uses specified in the committee bill.

Motion/Vote: SEN. STONINGTON moved TO ADOPT 45 PERCENT TO MEDICAID, CREATING A ONE-TIME-ONLY APPROPRIATION OF \$1 MILLION GENERAL FUND IN FY04 AND A REDUCTION OF \$1 MILLION IN FY05 AND PROVIDING THE APPROPRIATE FEDERAL FUNDS TO DO THE REFINANCING

EFFORT AT THAT LEVEL. Motion carried 4-0 on a voice vote. No proxies were voted for REP. JAYNE and SEN. KEENAN.

{Tape: 2; Side: B; Approx. Time Counter: 36 - 49.5}

Continuing with the refinancing actions, **Ms. Gervais** suggested that they may wish to take additional action to provide additional federal authority to the Refinance Unit in the Director's Office. Should DSD be able to refinance a portion of the children's population with CHIP or something that has as yet to be identified, DP 89 requests \$4,050,000 federal authority per year. She recommended that it be moved from DSD to the Director's Office.

Motion/Vote: SEN. STONINGTON moved TO ADOPT DP 89 AND MOVE IT TO THE DIRECTOR'S OFFICE. Motion carried 4-0 on a voice vote. Proxies for REP. JAYNE and SEN. KEENAN were not voted.

Medicaid Caseload Estimates

{Tape: 3; Side: A; Approx. Time Counter: 4 - 9.6}

Ms. Steinbeck distributed the revised Medicaid caseload estimates (Exhibit 9) and reviewed the information thereon. If the Subcommittee were to adopt the revised Medicaid budget, it would result in \$194,000 less general fund than the Executive Budget. In previous action the Subcommittee voted down DPs 101, 105, and 106, which were all the Medicaid caseload estimates for Senior and Long Term Care (SLTC), but it did accept DP 143. She recommended that they make a motion to adopt the numbers for the DPs as represented in the middle block of Exhibit 9 and the increase in the federal funds for Indian Health Services (IHS), then she would go back and enter these numbers in the DPs in the Executive Budget System.

EXHIBIT (jhh37a09)

{Tape: 3; Side: A; Approx. Time Counter: 10.6 - 11}

Motion/Vote: SEN. COBB moved TO REVISE THE EXECUTIVE BUDGET REQUEST FOR DPS 50, 68, 101, 105, AND 106. Motion carried 5-0 on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: A; Approx. Time Counter: 10.6 - 12.7}

Motion/Vote: SEN. COBB moved TO REVERSE PREVIOUS ACTION TAKEN WITH REGARD TO THE USE OF ESA FUNDING OF VR; TO TAKE THE GENERAL FUND OUT OF CHILDCARE AND GIVE IT BACK TO VR AND TAKE THE ESA FUNDS FROM VR. Motion carried 5-0 on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: A; Approx. Time Counter: 12.7 - 18.8}

Ms. Steinbeck reviewed DP 244, a proposal to limit primary care Medicaid physician visits. The Subcommittee previously considered and rejected this DP. This would limit physician visits to ten per year, authorizing visits above the limit as medically necessary.

{Tape: 3; Side: A; Approx. Time Counter: 18.8 - 19.2}

Motion/Vote: REP. HAINES moved TO RECONSIDER PREVIOUS ACTION TAKEN ON DP 244. Motion carried 4-1 on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: A; Approx. Time Counter: 19.2 - 24}

Motion/Vote: SEN. COBB moved TO ACCEPT DP 244, LIMIT PHYSICIAN'S VISITS TO TEN. Motion carried 5-0 with JAYNE voting no on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: A; Approx. Time Counter: 24 - 29.6}

Ms. Gervais explained that, if the Subcommittee later appropriates general fund for childcare to the Department, that general fund expenditure would count as maintenance of effort (MOE) because they would be providing service to a low-income family. One way to address the Department's concern about the need for additional funding for MOE is to provide them the childcare funding above the matching level of the Childcare Development Fund. General fund that serves low-income individuals and is not used to match another program can count as TANF MOE requirement. **Mr. Hudson** said that is correct, but the money would have to be spent on TANF-eligible children's childcare and would have to be over and above \$2.8 million needed for childcare match. **Ms. Gervais** said that the issue with moving general fund to backfill and free up general fund counted as MOE is that at present most of the MOE money is supporting employment and training programs. The Department may be hesitant to not put money into employment and training because not investing in those programs would be detrimental to the overall TANF program.

{Tape: 3; Side: A; Approx. Time Counter: 29.6 - 37}

Motion: REP. CLARK moved TO CONSIDER REJECTING TANF MOE FOR DP 13.

Discussion: REP. JAYNE asked if the \$1.1 million for MOE will have an effect on reservations. **Mr. Hudson** replied that 40 to 50 percent of the caseload is on the reservations. If childcare money were appropriated over the \$2.8 million needed for matching, they would spend the childcare money on TANF-eligible people and count that as MOE, and it would have no effect on services on the reservation or anywhere else.

{Tape: 3; Side: A; Approx. Time Counter: 37. - 38}

Vote: Motion carried 5-0 on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: A; Approx. Time Counter: 38 - 45.5}

Ms. Gervais explained that HB 158 changes the current provision with regard to tribes who implement their tribal TANF plans such that \$100,000 must be specifically appropriated in order for the Department to provide \$100,000 per year to a tribe implementing such a plan. There is one tribe which may implement a tribal TANF plan in the next biennium. **REP. HAINES** said that they need to find the funding for this.

Ms. Steinbeck reviewed the funding options and said that the Subcommittee has already requested an SSR be created in the bill that establishes the Intensive Care Facility for the Mentally Retarded (ICF/MR) tax. Other Subcommittee actions that have been considered are: a nursing home bed tax on the Montana Mental Health Nursing Care Center (MMHNCC), a one percent transaction fee on all IGTs, and a cigarette tax. The Subcommittee could establish one SSR to receive all these funds, which could be called a DPHHS Stabilization Account, and this could be described in statute with all its funding streams. The \$100,000 tribal TANF money is one item that could be funded from such an account. They may also wish to put language in the bill which would restrict the appropriation so that it may only be used for certain items and that make it contingent on passage or approval of HB 158.

{Tape: 3; Side: A; Approx. Time Counter: 47 - 48}

Motion: REP. JAYNE moved \$100,000 PER YEAR TO FUND HB 158 WITH PREVENTION AND STABILIZATION FUNDS OF DPHHS AND APPROPRIATION AUTHORITY AS A LINE ITEM.

{Tape: 3; Side: B; Approx. Time Counter: 1.3 - 18.2}

Discussion: **Ms. Steinbeck** drew a diagram on the board indicating what an SSR account created for the specified purpose of funding DPHHS programs would look like and the estimated amounts from varied tax proposals which would be included in it. The language in the ICF/MR bill could be changed to establish this account, but it would need to specifically enumerate the purposes for which it could be used. In continued Subcommittee discussion, **Mr. Andersen** suggested that the account may fix some things, but the agency may have difficulty using the money, and if the money doesn't show up, they will still have to make cuts. It may also be targeted by other subcommittees and agencies for their own programs. **CHAIRMAN CLARK** restated the motion to fund HB 158 with Prevention and Stabilization Funds of DPHHS.

{Tape: 3; Side: B; Approx. Time Counter: 18.2 - 18.5}

Vote: Motion carried 5-0 on a voice vote. SEN. KEENAN's proxy was not voted.

EXECUTIVE ACTION ON HUMAN AND COMMUNITY SERVICES DIVISION

{Tape: 3; Side: B; Approx. Time Counter: 20 - 28.5}

Motion: SEN. STONINGTON moved TO ADOPT DP 14.

Discussion: REP. HAINES requested a summary of the impact that acceptance of this DP would have. Ms. Gervais said that it would remove \$1.6 million of federal appropriation authority for which the Department will not have the cash to spend. They will not be able to realize enough federal cash to spend the \$7.6 million of appropriation authority. Initially, the Department requested that this would be a funding shift, and that they would be provided general fund in order to continue the level of services. This was not included as part of the Executive Budget; however, if the Subcommittee were to adopt the information that they received to maintain childcare funding at the 2002 base level, they will have replaced this reduction with other funds. Responding to a question from REP. JAYNE, Ms. Gervais said that the federal funds are no longer there because the TANF reserve funds are gone. She reviewed the LFD concern that if they do not remove this authority, they have left hollow authority within the appropriations act, which potentially negates the impact of some appropriations statutes.

{Tape: 3; Side: B; Approx. Time Counter: 28.9 - 29.1}

Vote: Motion carried 4-1 with REP. HAINES voting no on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: B; Approx. Time Counter: 29.1 - 30.5}

Ms. Gervais reviewed DP 15, a reduction in staffing and other costs already implemented by the Department, which result in a general fund savings of \$188,000 FY04 and \$388,000 in FY05.

{Tape: 3; Side: B; Approx. Time Counter: 30.5 - 30.9}

Motion/Vote: SEN. COBB moved TO ADOPT DP 15. Motion carried 5-0 on a voice vote. SEN. KEENAN's proxy was not voted.

{Tape: 3; Side: B; Approx. Time Counter: 30.9 - 33.5}

Ms. Steinbeck reviewed a previous Subcommittee decision in which they accepted DP 55, the school health coordinator. The decision package requested 1.5 FTE, as part of a grant for which the Department did not receive funds. They would like to retain federal authority, keep 1 FTE, and remove .5 FTE from this request.

{Tape: 3; Side: B; Approx. Time Counter: 33.5 - 33.9}

Motion/Vote: SEN. STONINGTON moved TO REMOVE .5 FTE FROM DP 55
AND TO RETAIN THE FEDERAL AUTHORITY. Motion carried 5-0 on a
voice vote. SEN. KEENAN's proxy was not voted.

ADJOURNMENT

Adjournment: 11:25 A.M.

REP. EDITH CLARK, Chairman

SYDNEY TABER, Secretary

EC/ST

EXHIBIT (jhh37aad)